

PIH-REAC REVERSE AUCTION PROGRAM

For help at any time during the Reverse Auction Program (RAP) and the Physical Assessment Subsystem (PASS) inspection process, please consult the following resources:

PIH-REAC RAP Website	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours
RAP Email Address	REACReverseAuctionProgram@HUD.GOV	24 Hours
PIH-REAC Technical Assistance Center (TAC)	1(888) 245-4860	Monday thru Friday 8 AM – 7 PM
Global eProcure Website Vendor Help Desk*	1(732) 382-6565	Monday thru Friday 9 AM – 9 PM
Reverse Auction Business Rules	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours
Purchase Order Terms and Conditions	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours

*The Website Help Desk is provided by Global eProcure, an independent website vendor. Access to this website is restricted to RAP participants who are HUD approved.

FREQUENTLY ASKED QUESTIONS

I. About the Reverse Auction Program

Q1. What is the Reverse Auction Program?

The Office of Public and Indian Housing Real Estate Assessment Center (PIH-REAC) has initiated the Reverse Auction Program (RAP), which changes the method by which HUD procures physical property inspections. The PIH-REAC RAP is a process of: (a) identifying properties needing inspection; (b) procuring bids to conduct the inspections; (c) reviewing and accepting inspections; and (d) authorizing payment to contractors. Specifically:

- The auction is conducted with the use of a reverse auction vendor website;
- Contractors bid on inspection assignments throughout the nation, including Puerto Rico, U.S. Virgin Islands, and Guam;
- Purchase order awards are made to the lowest, eligible contractor at the close of the auction;
- Active, certified inspectors then schedule and conduct the inspection, and upload the inspection observations to PIH-REAC;
- Once the inspection is accepted by PIH-REAC, payment is authorized; and
- Payment is made electronically to the contractor's vendor account.
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Q2. Where can I get information about the RAP?

Information about the RAP is available in the following locations:

- REAC RAP website - http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm;
- Reverse Auction Program email address - REACReverseAuctionProgram@hud.gov;
- Technical Assistance Center (TAC) - 1(888) 245-4860; and
- Global eProcure (reverse auction website vendor) – 1(732) 382-6565.

Q3. Can UPIC contractors participate?

Yes. However, participation in the RAP is limited to small businesses that meet the small business size standard for the North American Industry Classification System (NAICS) code 541350, which is \$6 million in average annual receipts. For information about calculating the average annual receipts for a business, please refer to 13 CFR 121.104 at <http://www.sba.gov/banking/policy/regs/121a.html>.

Q4. How often is the Reverse Auction Program offered?

Reverse auctions are held at least once every quarter and as many times as necessary to satisfy HUD's requirements for inspections.

Q5. Will I be notified of each upcoming reverse auction?

Yes, an email notification about upcoming reverse auctions will be sent to all eligible contractors. For new participants, dates and details for upcoming auctions can be found on http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q6. What is the “M-ID” or “I-ID”?

An “M-ID” is assigned to inspectors upon completion of the REAC Uniform Physical Condition Standards (UPCS) training program. All UPCS-certified inspectors have an M-ID. This ID allows inspectors to schedule, download, and upload inspections (refer to the PIH-REAC Training website for information on how to become a certified inspector). If a contractor cannot access HUD’s Secure Systems with the assigned M-ID, please contact the TAC at 1(888) 245-4860.

An “I-ID” (independent user) is available to contractors who are not inspectors. The I-ID is registered to an individual and/or representative of an organization and will allow the contractor to schedule inspection work to inspectors with an active M-ID. If you would like instructions on how to register for an I-ID, please contact the TAC at 1(888) 245-4860.

Q7. What is the difference between a contractor and an inspector?

A contractor is an entity (e.g., business concern, individual) that enters into the contract with HUD to provide inspection services. The contractor is legally responsible for performing all work in accordance with the Purchase Order Terms and Conditions. A contractor may be an individual inspector or an organization of inspectors.

An inspector is defined as the individual, certified by PIH-REAC in the UPCS inspection protocol, who performs on-site property inspections. RAP inspectors may be contractors, employees of a contractor, subcontractors to a contractor, or employees of a subcontractor.

Q8. I am a contractor in need of certified inspectors, where can I find them?

Each active inspector can opt to have their name posted on the PIH-REAC Inspector Administration website for public viewing. Please visit http://www.hud.gov/offices/reac/products/pass/inspectors_new.cfm for more information.

Q9. Where are the inspections located for each reverse auction?

The locations of property inspections vary per auction. Each RAP auction will be posted on the REAC RAP Website and contractors will receive an email notification of each upcoming auction event, to include the:

- Estimated number of properties in an auction event, along with the geographical areas for those properties;
- Estimated amount of time the auction will remain open for bidding; and
- Period during which the inspections must be scheduled and completed.

Q10. What are the requirements to become an eligible contractor for the Reverse Auction Program?

Contractors must meet the following requirements and provide the necessary information to PIH-REAC to participate in the RAP:

- Proof of Small Business Registration: IRS form W-9 with valid Tax Identification Number (TIN), Data Universal Numbering System (DUNS) number and proof of registration with the Central Contractor Registration (CCR) (see Section III for more information on registering a small business);

- Proof of **Level II** MasterCard vendor (or merchant) account: account number, company name, point of contact name, phone number, and vendor e-mail address;
- Proof of current general liability insurance, with a minimum of \$500,000 coverage: company name and policy number;
- Current M-ID or I-ID for accessing the HUD PIH-REAC's Secure System; and
- Be eligible to receive Federal contracts (i.e., not be suspended or debarred, or under a HUD-imposed Limited Denial of Participation; see section 1.2). ***Bids from ineligible bidders will be rejected.***

If your ID is no longer active, please contact the TAC at 1 (888) 245-4860 for further assistance.

Contractors should access the recruitment posting at

http://www.hud.gov/offices/reac/products/pass/PDFs/recruitment_posting.pdf. For more specific information about requirements, please visit the Reverse Auction Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q11. What is the deadline for submitting my proof of eligibility?

Contractors must submit proof of eligibility at least five (5) business days prior to the start of a contractor's first auction. Please send this information via email to REACReverseAuctionProgram@hud.gov.

Q12. How long will it take PIH-REAC to review and determine if I can participate in the RAP?

PIH-REAC will alert all interested contractors of their eligibility status within two (2) business days from the date of submission. Each eligible contractor will receive an email confirming participation status.

Q13. How do I report changes made to my email address, telephone number or other profile information?

Contractors must submit any changes to their profile via email to REACReverseAuctionProgram@hud.gov. This must occur at least five (5) business days prior to the start of an auction to ensure that relevant information is sent to the appropriate contact.

Q14. How do I become certified in the UPCS protocol?

Refer to the information posted on the PIH-REAC Physical Inspection Training website– at http://www.hud.gov/offices/reac/products/pass/pass_trng.cfm.

Q15. Where do I buy the required insurance?

In order to participate in the RAP, each contractor must maintain a minimum of \$500,000 general liability insurance. Insurance can be acquired by contacting any licensed insurance company, broker, or agent.

Q16. What is a W-9 form?

PIH-REAC requires each eligible contractor to submit an IRS W-9 form. PIH-REAC must receive this form per email instructions in order to issue a HUD account number to the contractor (refer to Section VII for more information on the payment process). The W-9 form does the following: certifies that the TIN the contractor is providing is correct, confirms the contractor is not subject to backup withholding, or allows contractors to claim exemption from backup withholding as an exempt payee, when applicable.

The W-9 form and detailed instructions can be found through the IRS website at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>.

II. Becoming a Small Business

Q1. How do I become a business so I can register as a small business and participate in the RAP as a contractor?

Detailed information about launching a business can be found at the official business link to the U.S. government, <http://www.business.gov/phases/launching/>. For the purposes of participating in the RAP as a contractor, the necessary steps include naming your business, choosing a form of ownership, and obtaining the necessary licenses and permits from your state and/or local municipalities.

Q2. How do I choose a form of ownership for my business?

Forms of ownership include, but are not limited to: partnerships, corporations, subchapter corporations, sole proprietorships, and limited liability companies. Specific information about forms of ownership can be found on http://www.business.gov/phases/launching/choose_structure/forms_ownership.html.

Q3. Can I participate in the RAP as a contractor if I am a sole proprietor?

Yes. Sole proprietors can participate in the RAP as long as they fulfill the requirements stated in Q11 - Section I. **NOTE:** All sole proprietorships must register for a DUNS number (refer to Section III for more information on creating a DUNS number).

Q4. How do I name my business?

For sole proprietors, many states require the individual to use their own name for the business name unless they formally file another name as a trade name, or fictitious name. If you are going to use a name other than your own for your business, contact the county recorder of deeds' office (or government equivalent) that your business will be operating in to get specific information and any necessary forms. Specific information about naming businesses can be found on http://www.business.gov/phases/launching/name_business/index.html.

Q5. How do I obtain the necessary licenses and permits for my business?

The necessary licenses and permits vary for each state and local municipality. Specific information about licenses and permits can be found on http://www.business.gov/phases/launching/licenses_permits/index.html. For information on how to obtain a business license in your state, go to <http://www.sba.gov/hotlist/license.html>. This web page provides a link to the relevant information for most of the 50 states and the District of Columbia.

III. Registering as a Small Business

Q1. How do I register as a small business?

To register as a small business, the business is required to have a DUNS number. Once the contractor obtains a DUNS number, they may proceed to register as a small business through the CCR. For more information or questions regarding Small Business Registration, please visit, <http://www.sba.gov/businessop/marketing/register.html> or www.ccr.gov, or call 1(888) 227-2423.

Q2. What is a DUNS number?

A DUNS number is required for a small business to register with the CCR. This number is the proprietary means of identifying business entities on a location-specific basis. For more information about the DUNS number, please consult <https://eupdate.dnb.com/requestoptions/government/ccrreg/>.

Q3. How do I request a DUNS number?

- Log in to www.ccr.gov
- Click on “Small Business” on the top of the screen
- Click on “Start New Registration” on the left of the screen
- A new window will appear with a “Note to Registrants”
- Click on “Click Here” (do not click on “Continue” – this will direct the applicant to the CCR login screen)
- The applicant will be directed to the D&B DUNS number registration site specifically for government contractors
- The applicant may choose to apply online for a DUNS number or to apply by telephone

Please refer to the Small Business Registration Fact Sheet – Attachment 1 in the Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm. For specific information, registrars should refer to the CCR Handbook at <http://www.ccr.gov/handbook.asp> and CCR FAQs at <http://www.ccr.gov/FAQ.asp>.

Q4. Is there a fee associated with receiving a DUNS number?

There is not a fee associated with receiving a DUNS number for those who are federal contractors, prospective government vendors and applicants, and recipients of federal grants. For more information please refer to the Small Business Registration Fact Sheet, (Attachment 1 in the Business Rules) at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q5. What is an MPIN?

The Marketing Partner Identification Number (MPIN) is a personal code that you create and register in CCR. The MPIN is defined on the CCR website as “a self-defined access code that will be shared with authorized partner applications (e.g., Past Performance Information Retrieval System (PPIRS), Federal Technical Data Solutions (FedTeDS) etc.). The MPIN acts as your password in these other systems, and you should guard it as such. The MPIN must be nine positions and contain at least one alpha character, one number and no spaces or special characters.” For specific information, registrars should refer to the CCR Handbook at <http://www.ccr.gov/handbook.asp> and CCR FAQs at <http://www.ccr.gov/FAQ.asp>.

IV. Bidding in the Auction

Q1. Will there be an information or training session prior to the start of the auction?

A brief online tutorial is provided through <http://hud.globaleprocure.com/login/loginform.asp>. To access, the contractor should first login to the website, then click “Help” and then “Online Inspector Training.” In addition, eligible contractors will have the opportunity to participate in a “mock auction” prior to the start of each reverse auction. All eligible contractors will be notified of the mock auctions via email from Global eProcure.

Q2. Where can I get specific details about a particular auction?

Global eProcure, the current web vendor, will distribute detailed emails about upcoming reverse auctions to all eligible contractors prior to the auction start date. For dates of upcoming auctions and for general details about the Reverse Auction Program, please refer to the RAP website, which includes links to the RAP Business Rules, and Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q3. How do I get access to the auction website? Which ID do I use?

Prior to a reverse auction, Global eProcure will send an auction notification via email to all eligible contractors. This email will contain the contractor's user ID and password. In addition, it will contain the dates and times the auction will open and close, and how to access the inspection data to start bidding. If you have technical difficulty in regard to the auction website, please contact Global eProcure at 1(732) 382-6565.

Q4. Will I be able to review the inspections before the auction opens?

No. Each contractor will only be able to review the property inspections at the start of the auction. Contractors will not be able to view the inspections before the auction opens.

Q5. How will I know when an auction will open and close?

All contractors who are eligible to participate in the RAP will receive email notifications about upcoming auctions via email. In addition, dates of upcoming auctions will be posted on the reverse auction website at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q6. How long will each auction remain open for bidding?

Each auction will vary in length. This length will be determined by PIH-REAC and communicated to all eligible contractors prior to the start of an auction. PIH-REAC will post the dates and times of each upcoming auction on the website: http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q7. What are the restrictions for bidding on inspections where I have conducted pre-inspection(s) or consulting work?

As stated in the Purchase Order Terms and Conditions, section 9.2: "An inspector may not inspect any property in which the contractor, inspector, or any business associate or any immediate family member of those parties has a financial interest in its ownership or management. An inspector may not inspect any property in which the contractor, inspector, or any business associates or immediate family members of the contractor or inspector has performed any other work of any nature under contract or purchase order from that property or owner. If an inspector has a conflict of interest and the contractor has no other inspector available to perform the inspection, PIH-REAC may terminate this contract and contract with another contractor for the inspection. Additionally, the contractor shall not provide training or consulting services to any Public Housing Authority (PHA) or property owner whose property the contractor has inspected during the time period from the issuance date of the purchase order through twelve (12) months after the purchase order expiration date. It is the contractor's responsibility to refrain from bidding on inspection work in which the contractor or the performing inspector has a conflict of interest."

Please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q8. What do I do if I cannot login to the auction website or I forget my user ID or password?

Please contact the website vendor, Global eProcure, at 1(732) 382-6565.

Q9. Whom do I contact if I have technical questions about the auction website?

For answers to technical questions regarding the website, please contact the website vendor, Global eProcure, at 1(732) 382-6565.

Q10. How are the properties grouped or sorted during the auction?

The properties will be aggregated together in groups referred to as “lots”. A lot can contain one or more property inspections. If a contractor elects to bid on a property inspection, the contractor must bid on every inspection in that lot. If a contractor fails to bid on every property in the lot, the system will not accept the proposed bids. The eligible contractor offering to perform the lot inspection(s) for the lowest total lot price will be awarded the inspection work.

Each inspection within the lot remains distinct. The winning contractor will schedule each inspection separately, and an active, certified inspector will conduct each inspection separately. PIH-REAC will pay the contractor directly and separately for each accepted inspection. Failure to complete all inspections within each lot may make the contractor ineligible for future inspection services due to non-responsibility. Section 1.2 of the Business Rules gives specific information on contractor responsibility (http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm).

Q11. In order to bid, do you have to be the person who actually conducts the inspection?

No. Contractors can appoint an employee to bid on behalf of their small business, even if they are not certified or able to conduct the physical inspection. The contractor must, however, have an active M or I-ID. Upon award notification, the contractor who placed the bids can assign the inspection(s) to the certified inspector(s) with an active M-ID.

Q12. How many contractors will be bidding at once?

The number of contractors will vary per auction. All eligible contractors will be invited to participate in each auction. As a result, there is no limit on how many contractors can bid per auction.

Q13. What is the maximum number of inspections I can bid on?

HUD does not monitor the number of inspections each contractor bids on. The contractor has the ability to set a limit on the desired number of workdays per auction. This utility is a safeguard, which helps contractors monitor their workload in order to complete all awarded inspections within the performance period.

Q14. What is the proxy utility?

The auction website includes a proxy utility, for use by contractors at their discretion. The proxy utility enables a contractor to enter successive bids for property inspections, even when not logged in to the auction website. By utilizing the proxy utility, the contractor chooses an initial bid for an inspection and a minimum price that the contractor is not willing to bid below. Once an initial bid is entered, the proxy utility will place successive bids per inspection. NOTE: The proxy utility is

not based on the total price per lot. The proxy operates on a per inspection basis. Therefore, each time a bid per inspection is lower than the contractor's initial manual bid the proxy will decrement the bid by \$5. This will continue as bids are placed until each bid per inspection reaches the contractor's minimum set price. Since the proxy bids are placed per inspection and a single lot may contain several property inspections, the proxy bidding utility may not place a bid depending on the competing bids placed. By setting up the proxy utility, the contractor is not guaranteed to win the lot. Please refer to the Global eProcure's auction training manual for more detail at <http://hud.globaleprocure.com/login/loginform.asp>. In addition, contractors, particularly those new to the RAP, should utilize the training opportunities available from the auction vendor to further understand the mechanics of this utility prior to participating in an auction.

Q15. What is the floor price and where can I find it?

HUD sets a floor price per inspection. The floor price is auction specific, and may vary, for example, HUD may set the floor price to zero or to a specific amount. The floor price can be found in the property tab on the Global eProcure auction website.

Q16. What happens if the inspection bids reach the floor price before the bidding is over?

If the bids reach the floor price before the auction has officially closed, the winning contractor will be determined based on the time the bid was placed according to the web vendor software. The rest of the lots that have not reached the floor price will remain open.

Q17. Can I change the workload management settings after the auction has begun?

Yes, contractors may manage their workload while an auction is open. However, there are exceptions. First, the system will not allow a contractor to bid on a lot if they do not have a sufficient number of inspection days to perform the inspection work for that lot. In addition, if a contractor is leading on a closed lot, they are unable to reduce the number of days to less than the number of days designated for the closed lot. For details, please refer to the Global eProcure tutorial at <http://hud.globaleprocure.com/login/loginform.asp>.

Q18. Can I withdraw a bid after confirming it in the auction website?

Once a bid has been accepted by the system, the bidder may not withdraw the bid.

Q19. Can contractors request an auction extension past the closing time?

No, contractors cannot request a bidding extension. Only PIH-REAC reserves the right to extend the duration of an auction due to extenuating circumstances.

Q20. How do I know if I have won inspection work?

Once a reverse auction closes, the winning eligible contractor will be issued an award notification via email in the form of a purchase order. The purchase order serves as a legally binding contract between the contractor and HUD. The purchase order includes the list of awards and the directions to schedule awarded inspections. A response to the email notification is not required if the contractor accepts. For more information, please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q21. After I receive the award notification, can I renegotiate the bid price with PIH-REAC?

No. Once the reverse auction software has accepted the bid, the price cannot be renegotiated.

Q22. Can the contractor who wins the award delegate, sub-contract, or otherwise assign the actual on-site physical inspection work to another inspector who is UPCS certified?

Yes. The contractor must make all substitutions of assigned inspectors via Secure Systems' Scheduler. Inspections must be assigned to an active M-ID in association with the contractor. The contractor should contact the TAC to notify PIH-REAC if substituting an inspector who was previously assigned to perform a scheduled inspection. Please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

V. Scheduling Inspection Work

Q1. How long will it take to receive the property information for the inspection work I have won?

The auction vendor, Global eProcure, will send an award notification email shortly after the close of the auction. At that time, the contractor can access the property information and, upon coordination with the Property Owner Agent/ Executive Director (POA/ED), can schedule the inspection(s).

Q2. Is there a date when all inspections have to be completed?

Yes. PIH-REAC will specify the anticipated start and end dates of the period of performance for each inspection or lot of inspections prior to each reverse auction. The period of performance is the specified maximum period during which the contractor must schedule and complete each assigned inspection and submit the completed inspection report for review. The actual dates of the performance period will be stated in the purchase order award notification issued to the winning contractor.

Adherence to the period of performance specified at the time of the purchase order award is important, as timelines for the completion of physical inspections are mandated by the Public Housing Assessment System (PHAS) Final Rule (24 CFR Part 902, January 11, 2000), and other applicable HUD regulations. For more information regarding period of performance, please reference Section 1.3 of the RAP Purchase Order Terms and Conditions (http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm).

Q3. How much time do I have to schedule the inspection(s)?

The contractor has 15 calendar days from the start date of the purchase order to schedule all inspections awarded. The contractor must maintain an accurate inspection schedule with PIH-REAC and conduct inspections on the date and time they are scheduled. An accurate inspection schedule is vital to the RAP, as:

- HUD Quality Assurance (QA) may use this information to schedule a Collaborative Quality Assurance (CQA) review of the inspector's performance; and
- HUD Field Offices may wish to coordinate oversight and technical support activities with the schedule of the inspection; and
- Failure to inspect on scheduled dates and times greatly inconveniences tenants and managers of the properties to be inspected.

PIH-REAC is committed to minimizing the burden to POA/ED and PHA staff, as well as residents, during the physical inspection process. RAP contractors must comply with the requirements set forth in Section 5.1 of the RAP Purchase Order Terms and Conditions (http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm).

Q4. Can I schedule an inspection for a weekend or holiday?

No. The inspection should be conducted during the normal business hours of the property. Inspectors shall not conduct inspection activities on weekends or Federal holidays. Section 9.5 of the Purchase Order Terms and Conditions highlights a detailed list of government-observed holidays (http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm).

Q5. How do I schedule an inspection?

When you finish scheduling the inspection with the POA/ED, complete the following steps:

1. Log in to "Scheduler" in PIH-REAC's Secure Systems at https://www11.hud.gov/HUD_Systems.
2. Go to "Physical Assessment Subsystem (PASS)".
3. Click on "Schedule/View Inspections".
4. Select "Direct Pay Program" from the "Contractor" dropdown menu.
5. Click on the "Inspection Scheduling" button.
6. Click "View Awarded Auctions".
7. Insert a valid "Inspector M-ID".
8. Insert the scheduled "Date" and "Time" for the inspection.
9. Select "Submit" and click on the "Property ID" link.

Q6. What do I do if the information in the purchase order is incorrect?

If the information in the purchase order is incorrect, immediately contact the TAC at 1(888) 245-4860.

Q7. If I am unable to reach the POA/ED, can I schedule the inspection with the maintenance personnel or other staff?

No. All property inspections must be scheduled directly with the POA/ED or an appointed representative. Please refer to Purchase Order Terms and Conditions, section 5.1 at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm for detailed scheduling protocol.

Q8. What if I cannot reach the property representative with the information supplied by PIH-REAC?

The contractor must notify PIH-REAC immediately if the property representative cannot be reached via the information provided. Please contact the TAC immediately at 1(888) 245-4860.

Q9. What happens if I realize the inspection will take longer than estimated?

The contractor shall notify PIH-REAC (via the TAC at 1(888) 245-4860) immediately of any significant discrepancy between the property profile data provided by PIH-REAC and the verified property data obtained from the POA/ED. A significant discrepancy includes material errors of fact (e.g., wrong property name or ID), or a variance in the number of buildings or units.

PIH-REAC will verify the discrepancy and notify the contractor whether to proceed or forfeit the inspection. If the contractor fails to accurately verify the property profile data and the inspector discovers a significant discrepancy after arriving at the property, the inspector will perform the inspection using the correct unit sample size for the contractor's price.

Q10. What should I do if the property representative refuses to schedule the inspection?

The contractor shall immediately notify PIH-REAC by telephone or email if the contractor is unable to schedule an inspection. If the contractor is unable to schedule an inspection because the POA/ED is uncooperative or unwilling to permit the inspection, PIH-REAC will assist the contractor in resolving the issues.

Q11. The property representative has indicated that a property is uninspectable. How do I proceed?

A property is considered uninspectable if the POA/ED indicates it is no longer in HUD's inventory or if buildings/units have been rendered uninspectable.

In these instances, the contractor must record the property as Reported Uninspectable (RU) in the Scheduler component of Secure Systems. PIH-REAC will verify the status as uninspectable and will confirm it as Verified Uninspectable (VU) in Scheduler. If PIH-REAC does not verify the RU as valid, PIH-REAC considers the inspection to be Verified Inspectable (VI) and the contractor is still responsible for scheduling and conducting the inspection. Please refer to section 6.2.1 of the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q12. What happens if I am unable to complete the inspection due to circumstances beyond my control?

In certain cases, the inspector may be unable to complete an inspection for reasons beyond the contractor's control including, but not limited to:

- The property representative cannot provide access to the buildings or units required for inspection;
- An insufficient sample of units is available for inspection;
- No property representative is available on-site to accompany the inspector; and
- The POA/ED failed to notify all residents prior to the inspection.

The contractor shall immediately notify PIH-REAC (via the TAC) of an unsuccessful inspection (RUU), report the status of the inspection via Secure System and provide a copy of the POA/ED's written confirmation of the property profile information, the agreed-upon schedule, and prior understanding that the residents were to be notified. PIH-REAC will confirm the unsuccessful inspection, notify the contractor, and if confirmed, will authorize payment of the unsuccessful inspection price. For more information, please see section 6.2.2 of the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

VI. Performing Property Inspections

Q1. If I encounter unforeseen expenses that cause my bid to be unprofitable, can I obtain compensation for this loss?

No. Contractors in the RAP must anticipate and include all expenses in their inspection bid(s) per property. Expenses of any kind will not be reimbursed.

Q2. Can contractors or inspectors re-schedule inspections at their discretion?

No. Changes and cancellations to inspection schedules should be rare and must be accepted by PIH-REAC. If the originally confirmed inspection schedule needs to be changed for any reason, the contractor must update the Secure Systems Scheduler component with the correct inspection schedule. The contractor must provide a justification for any schedule change made within 72 hours of the inspection date and time by calling the TAC at 1-888-245-4860. PIH-REAC will notify the contractor if a schedule change or inspection cancellation is unacceptable. PIH-REAC reserves the right to cancel an inspection at any time.

If the contractor fails to perform an inspection at the date and time that the contractor entered into the Secure Systems Scheduler and does not notify PIH-REAC in advance of the changed date and time in accordance with paragraph 5.1.4 of the Purchase Order Terms and Conditions, the HUD Contracting Officer may either:

- Reject the inspection and require the contractor to re-inspect at the contractor's own expense;
- Accept the inspection for a reduced price; or
- Terminate the inspection for default.

Repeated failure to perform inspections on the date and time scheduled without proper notification to PIH-REAC may result in the termination of a purchase order for default. In addition, repeated failure to perform inspections according to the information entered into the Secure Systems Scheduler component could result in a determination of non-responsibility. For more information on contractor responsibility, please see the RAP Business Rules, section 1.2 at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q3. If a contractor cannot complete inspections for all awarded lots during the period of performance, what happens?

If the contractor cannot complete the inspection work within the specified performance period, he/she must send a formal request to extend the Purchase Order period of performance to the RAP mailbox (ReacReverseAuctionProgram@hud.gov). This request **must** be sent before the end of the performance period, and must include all relevant information such as the purchase order number(s), the inspection number(s), and the rationale for extension. PIH-REAC will review the extension request to determine whether the request is justified. If an extension is granted, the contractor will receive an email revising the purchase order period of performance. If an extension is not granted, the contractor will be responsible for completing the inspection work by the performance period end date.

Late inspections are not subject to full payment (see section 7.1.2 of the Purchase Order Terms and Conditions) unless the contractor can prove to PIH-REAC's satisfaction that the cause for late delivery was due to circumstances beyond the contractor's control. If PIH-REAC elects to accept a late

inspection, the contractor shall be paid 50 percent of the contractor's price for the inspection. If PIH-REAC elects to not accept a late inspection, the contractor shall be paid nothing.

Repeated failure to perform inspections within the period of performance without proper notification to PIH-REAC may result in the termination of a purchase order for default. In addition, repeated failure to perform inspections within the period of performance could result in a determination of non-responsibility. For more information on contractor responsibility, please see the RAP Business Rules, section 1.2 at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q4. Who resolves disagreements between the inspectors and site managers?

Please contact the TAC immediately for guidance and assistance at 1(888) 245-4860. REAC will ultimately resolve any issues between inspectors and site managers.

Q5. What happens when an uploaded report is placed “on hold” by PIH-REAC?

When PIH-REAC cannot accept an inspection due to significant deficiencies, errors or questions concerning the inspection, it will place the inspection on hold. PIH-REAC may contact the contractor, property representative, or HUD staff to resolve the deficiencies, errors or questions. The contractor shall review and respond to all posted inspection reviews in Secure Systems. With respect to posted inspections, if the contractor does not return contact within 72 hours, PIH-REAC may reject the inspection. Please refer to section 7.1.1 of the Purchase Order Terms and Conditions for more information at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

VII. Payment Process

Q1. How do I get paid?

In order to receive payment for inspection services through the RAP, each contractor is required to establish a Level II MasterCard vendor account. In addition, PIH-REAC will provide a HUD account number to the contractor, which is required for payment. Once the contractor has verified that inspection work is available for payment, the contractor should enter the HUD account number, along with the authorization code (the Inspection ID – which is accessible through Secure Systems) into the credit card processing website or hardware to initiate the electronic payment process. Payment will then be made electronically, directly to the contractor's account. For more information, please refer to the Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q2. When should I claim payment for my inspection work?

The contractor is responsible for continually checking Secure Systems to see the status of submitted inspections. Once the inspection has been given a final review and is ready for payment, contractors may claim their payment through the vendor account.

Q3. What is a Level II MasterCard vendor account?

A MasterCard Vendor Account is an electronic payment system, commonly referred to as a “merchant account.” All RAP contractors must have a **Level II MasterCard** vendor account, which includes additional validation, such as the authorization code, which is necessary to claim payment. Refer to

Attachment 2 of the Business Rules for more details at
http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q4. How do I set up a MasterCard vendor account?

A contractor can establish an account through any merchant account provider or through a MasterCard company. Please refer to the MasterCard Vendor Account Fact Sheet, Attachment 2 in the Reverse Auction Business Rules for more information at
http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q5. How can a contractor receive compensation for inspection work if they do not have a MasterCard vendor account?

A contractor is not eligible to participate in the RAP without a Level II Master Card vendor account.

Q6. Where can I find information on the RAP payment terms?

The payment terms for the Reverse Auction Program are outlined in Section 8.0 of the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.